

# STATE OF MONTANA

Department of Natural Resources and Conservation

Trust Land Management Division



MINERALS MANAGEMENT BUREAU



Fiscal Year 2014 Annual Report



## INTRODUCTION

This report was prepared by the Minerals Management Bureau (MMB) within the Trust Land Management Division and contains information gathered by the Bureau regarding State of Montana mineral leases. The report provides production and revenue information for each lease type managed by the Bureau.

Within each lease type, there are reports providing income by county, area office, and grant. Revenue and pricing information was compiled using the cash basis method of accounting. Oil and gas production information was compiled using infor-

mation reported on State of Montana DS-450 Royalty Report Form 5 for each royalty month.

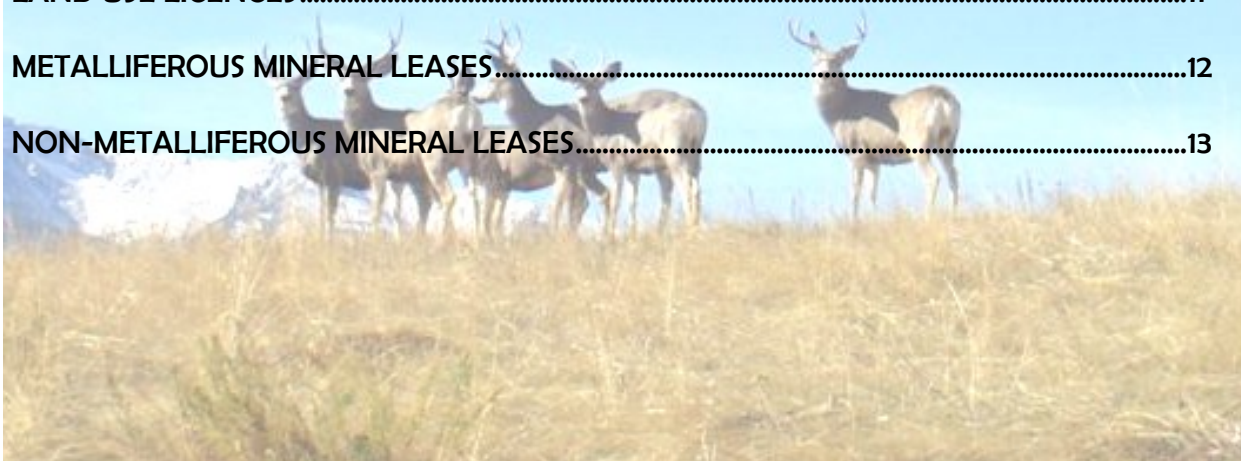
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Cover Photo: Seismic Thumper Trucks near Dupuyer in Teton County, courtesy of Steve Webster

Contents Photo: Drill site in Stillwater County, courtesy of Trevor Taylor

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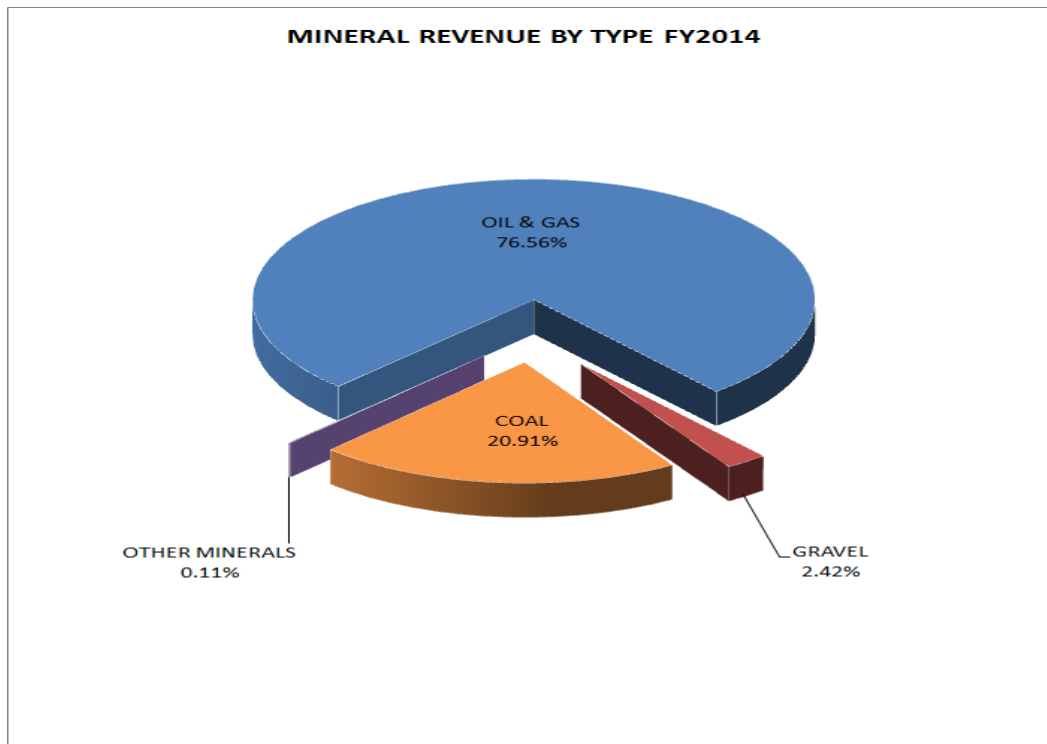
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## REVENUE SOURCES



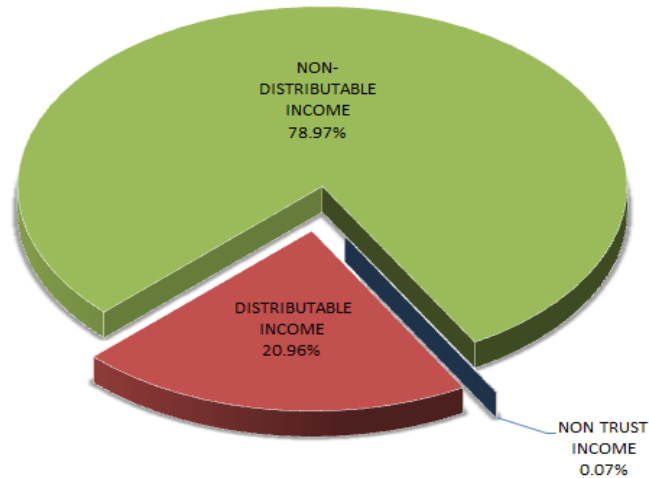
<i>Mineral Type &amp; Revenue Source</i>		<i>FY2013</i>	<i>FY2014</i>	<i>% Change from FY13</i>
OIL & GAS-	<i>Rentals/Bonuses/Penalties</i>	\$7,448,711	\$8,094,917	8.68%
	<i>Royalties *</i>	\$19,940,488	\$21,835,231	9.50%
	<i>Surface Damages</i>	\$50,784	\$9,950	-80.41%
	<i>Seismic</i>	\$10,730	\$5,688	-46.99%
	<b>Total</b>	<b>\$27,450,713</b>	<b>\$29,945,786</b>	<b>9.09%</b>
GRAVEL -	<i>Rentals</i>	\$100	\$200	100.00%
	<i>Royalties</i>	\$949,571	\$947,294	-0.24%
	<b>Total</b>	<b>\$949,671</b>	<b>\$947,494</b>	<b>-0.23%</b>
COAL -	<i>Rentals/Bonuses</i>	\$3,636,835	\$49,515	-98.64%
	<i>Royalties</i>	\$6,803,308	\$8,130,763	19.51%
	<b>Total</b>	<b>\$10,440,143</b>	<b>\$8,180,278</b>	<b>-21.65%</b>
OTHER MINERALS –				
LAND USE LICENSE				
	<i>Rentals/Penalties</i>	\$13,247	\$14,810	11.80%
	<i>Royalties</i>	\$4,997	\$1,000	-79.99%
	<b>Total</b>	<b>\$18,244</b>	<b>\$15,810</b>	<b>-13.34%</b>
METALLIFEROUS MINERALS				
	<i>Rentals/Penalties</i>	\$3,420	\$2,842	-16.90%
	<i>Royalties</i>	\$772	\$1,029	33.29%
	<b>Total</b>	<b>\$4,192</b>	<b>\$3,871</b>	<b>-7.66%</b>
NON-METALLIFEROUS MINERALS				
	<i>Rentals/Penalties</i>	\$10,556	\$10,556	0.00%
	<i>Royalties</i>	\$160	\$12,545	7740.63%
	<b>Total</b>	<b>\$10,716</b>	<b>\$23,101</b>	<b>115.57%</b>
<b>GRAND TOTAL</b>		<b><u>\$38,873,679</u></b>	<b><u>\$39,116,340</u></b>	<b><u>0.62%</u></b>

\* Includes interest and shut-in payments



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### GROSS REVENUE BY SOURCE Fiscal Year 2014



### GROSS REVENUE FOR SCHOOL TRUST BENEFICIARIES

**\$39,089,972**

#### GROSS NON-DISTRIBUTABLE REVENUE

**\$30,889,422** 79.02%

#### GROSS DISTRIBUTABLE REVENUE \*\*

**\$8,200,550** 20.98%

#### TRUST LAND REVENUE (by Trust)

Common Schools	\$35,640,779	State Normal School	\$18,609
University of Montana	\$24,186	School for Deaf and Blind	\$9,066
M.S.U. Morrill	\$32,925	State Reform School	\$48,165
M.S.U. 2nd Grant	\$10,829	Public Buildings **	\$82,904
Montana Tech	\$63,283	Veterans Home Income	\$1,913
		Public Land Trust	\$3,157,313
		<b>Total Trust Grants:</b>	<b>\$39,089,972</b>

#### NON-TRUST LAND REVENUE \*

Agricultural Experiment Station	\$12,989
Department of Fish, Wildlife & Parks	\$210
Department of Transportation	\$7,468
Department of Public Health and Human Services	\$42
DNRC – Water Resources Division	\$5,659
<b>Total Non-Trust Grants:</b>	<b>\$26,368</b>

#### TOTAL REVENUE

**\$39,116,340**

\* Non-Trust Land revenue consists of revenue the Department of Natural Resources and Conservation collects as an administrator for various entities. These funds are distributed to the entity upon collection.

\*\* Royalties collected on behalf Public Buildings are deposited into their Distributable Trust fund





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## LEASES

**Oil & Gas Leasing:** In FY14, oil and gas leasing decreased by 15.9% from FY13 to a total of 5,160 leases. Cancellations of nearly 1000 leases during the fiscal year, and a continued drop in new leasing accounted for the majority of the overall decrease. Quarterly lease sales in FY14 totaled 49 leases as compared to the 165 leases sold in FY13, representing a decrease of 70.3%. Bonus revenue for new leases in FY14 totaled more than \$3.7 million compared to the nearly \$2.2 million on state trust lands in FY13. Producing leases increased by 2.4% during FY14, totaling 685 leases. Producing leases now are 13.3% of all oil and gas leases. Oil and gas leasing accounts for slightly less than 2.1 million of the 6.2 million mineral acres on State trust lands, which is a decrease of 17.4% over FY13.

**Seismic Permit** activity decreased in FY14 to a total of 8 permits covering 21,827 acres, nearly half that of FY13. Projects for FY14 were located in the following counties: Dawson (1), Fallon (1), Fergus (1), Judith Basin (1), Musselshell (1), Roosevelt (1), Richland (2), Toole (1), and Yellowstone (1). Some permits may cross over county lines and thus could be counted more than once.

**Hard Rock - Industrial Leasing:** The total number of metalliferous and non-metalliferous leases dropped from 11 to 9 for FY14. These leases covered 3,942 acres and generated \$13,573 in royalty revenue.

**Gravel Permits:** Overall permit counts decreased by six permits from FY13 for a total of 45. Total acreage assigned to those permits increased by 1.1% from FY13 to 2,630 acres. Producing permits decreased by 3 to a total of 34, while the acreage assigned to producing permits increased by 2.7% to 2,463 acres. Scoria permits were again largely responsible for the majority of gravel royalty revenue in FY14, totaling nearly \$950K for the second straight year.

**Coal Leasing:** The number of coal leases decreased by 10.3% to a total of 35 leases covering 17,145 acres, a decrease of

2,400 acres from FY13. However, producing leases on State trust lands increased from four in FY13 to six in FY14. Producing acreage more than doubled to 2,160 acres from 880 acres in FY13. Production typically moves on and off State land within the normal sequence of operations.

**Land Use Licenses** increased by 2.6% with a count of 40 in FY14 as compared to 39 in FY13. Acreage assigned to those licenses decreased by 9.6% to 8,324 acres. One LUL for salt water disposal produced royalties in FY14.

**Small Volume Permits and Permits to Test for Aggregate** are not included in the table below. During FY14, DNRC field offices issued 5 small volume permits and 4 permits to test for aggregate, as compared to the 10 and 6 permits respectively in FY13.

### Summary:

While oil prices increased for the sixth straight year, oil and gas leasing saw a decrease for the second year in a row. The primary reason for the decrease in leasing is the lack of available tracts in prime regions such as the Bakken rich eastern edge of the state. Decreased new wellpad construction and increased density drilling in those same regions has slowed the production of Scoria used in road construction as compared to the last two fiscal years. Acreage associated with all mineral use on State Trust Lands dropped significantly to just over 2.1 million acres from 2.5 million acres in FY13, a result of fewer oil and gas leases. For FY14, approximately 34% of all State owned mineral acreage is leased

**MMB activities:** Activities related to existing leases include collecting royalty and rental payments, auditing, review of all proposed leases, reviewing and approving assignments and tracking working interest ownership, reviewing and preparing for approval of communitization agreements and unit operating agreements, and coordinating with field offices the environmental review and approval of all proposed physical operations on state leases.

### Producing Leases Criteria:

**Gravel Permits** - Includes permits that produced during the fiscal year. Does not include advance royalties paid. Does not include small volume or test permits.

**Coal Leases** - Includes leases that produced during the fiscal year. Does not include advance royalties.

**Land Use Licenses** - Includes activities such as salt water disposal, access roads and pipelines constructed on state land.

**Metalliferous Leases** - Includes leases that produced during the fiscal year. Does not include advance royalties.

**Non-Metalliferous Leases** - Includes leases that produced during the fiscal year. Does not include advance royalties.

**Oil and Gas Leases** - Includes any lease with a well that is capable of production.

Type of Lease	No. of Leases	% Change from FY13	Acreage Leased	% Change from FY13	Producing Leases	% Change from FY13	Producing Acreage	% Change from FY13
<i>Coal Leases</i>	35	-10.3%	17,145	-12.3%	6	50.0%	2,160	145.5%
<i>Gravel Permits</i>	45	-11.8%	2,630	1.1%	34	-8.1%	2,463	2.7%
<i>Land Use Licenses</i>	40	2.6%	8,324	-9.6%	1	-66.7%	320	-75.0%
<i>Metalliferous Leases</i>	3	-25.0%	840	-11.9%	1	0.0%	92	0.0%
<i>Non-Metalliferous Leases</i>	6	-14.3%	3,102	-17.1%	2	100.0%	998	731.7%
<i>Seismic Permits</i>	8	-42.9%	21,827	-36.5%	0	0.0%	0	0.0%
<i>Gas Storage Agreements</i>	4	0.0%	8,311	0.0%	0	0.0%	0	0.0%
<i>Oil and Gas Leases</i>	5,160	-15.9%	2,050,005	-17.4%	685	2.4%	255,470	1.8%
<b>Total Leases</b>	<b>5,301</b>	<b>-15.80%</b>			<b>729</b>	<b>1.96%</b>		
<b>Total Acres</b>			<b>2,112,184</b>	<b>-17.53%</b>			<b>261,503</b>	<b>2.29%</b>



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### MINERAL ACTIVITY BY FIELD OFFICE

This table represents total field activity by Area office and Unit office. The NELO Lewistown Unit Office includes the Havre field office.

Area Office / Unit Office	Oil & Gas Leases	O&G Wells & Pipelines	Seismic	Coal	M & NM Leases	LULs	Gravel Permits	Gravel Renewals	Small Volume	Test Permits	TOTAL
Bozeman								2			2
Conrad		23	1					2			26
Dillon								7			7
Helena	7									1	8
<b>CLO Total</b>	<b>7</b>	<b>23</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>43</b>
Miles City	16	9	4			1	1	1	1	1	34
<b>ELO Total</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>34</b>
Glasgow	4	1	1					1		2	9
Lewistown	12	2	1			1		3			19
<b>NELO Total</b>	<b>16</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>28</b>
Libby									1		1
Plains							2		1		3
Stillwater									1		1
Swan River								1			1
<b>NWLO Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>6</b>
Billings	10		1				2		1		14
<b>SLO Total</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>14</b>
Clearwater								1			1
<b>SWLO Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>GRAND TOTAL</b>	<b>49</b>	<b>35</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>18</b>	<b>5</b>	<b>4</b>	<b>126</b>

**DNRC Area and Unit office field staff** conduct on-site reviews and prepare environmental assessments when mineral exploration or development is proposed on state land. These reviews address resource concerns and provide site specific stipulations to mitigate impacts for project development. Stipulations may include such items as restricting work to dry or frozen

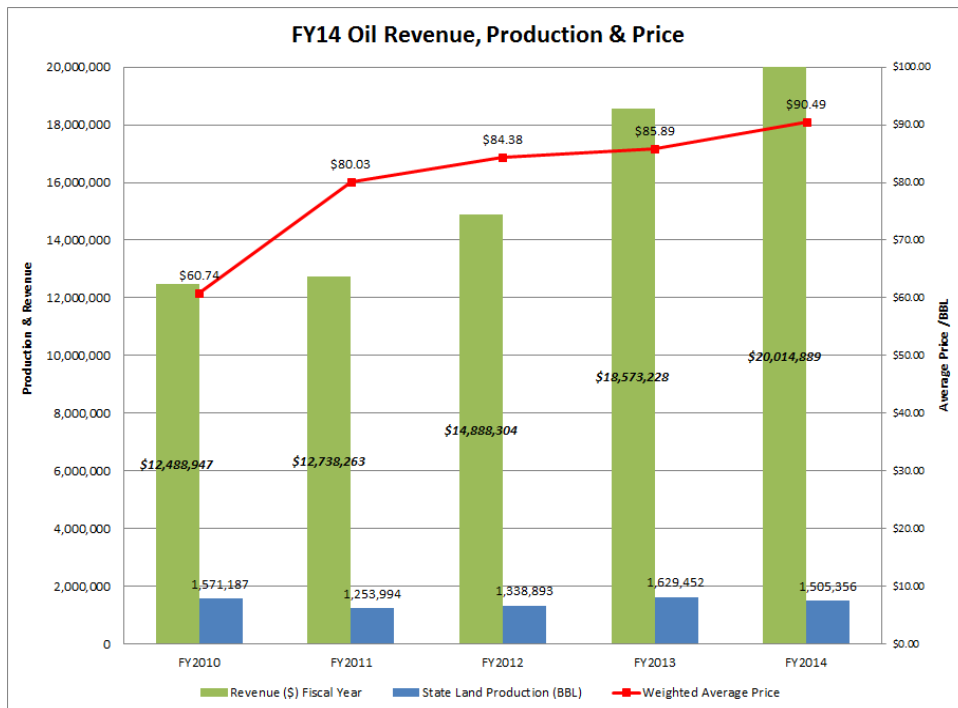
conditions, noxious weed control, timing restrictions to address wildlife concerns, and reclamation requirements. Field staff also conduct periodic reviews of mineral development to verify that lessees are complying with lease requirements. The table above breaks down the number of reviews by mineral type for the fiscal year 2014.



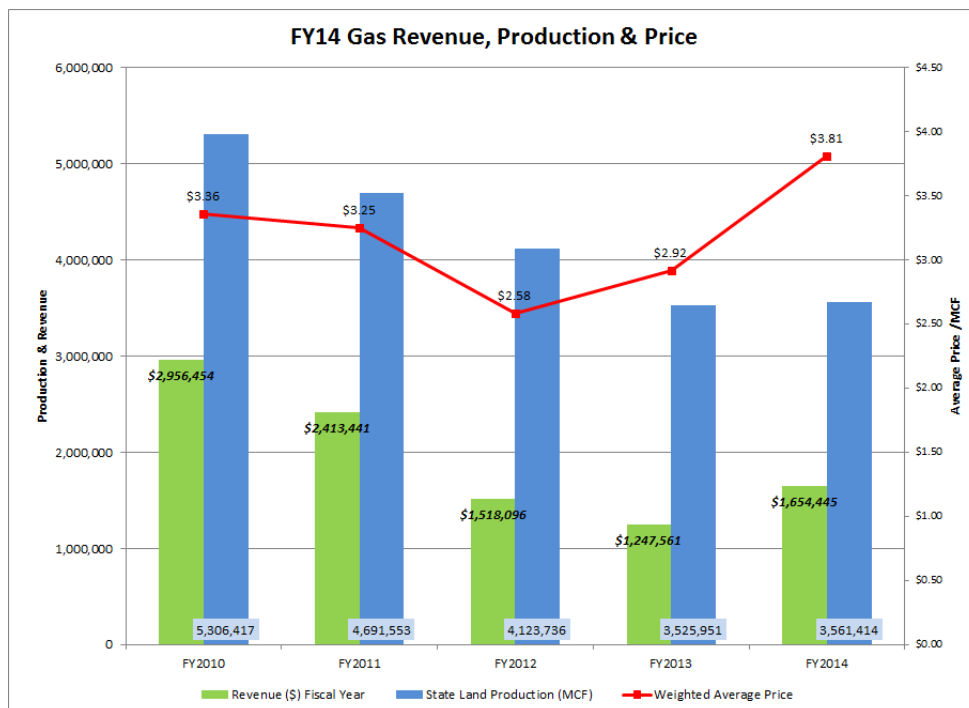
## OIL AND GAS REVENUE AND PRODUCTION

**OIL:** Oil production decreased but remained strong primarily due to continued Bakken formation development. For the fourth straight year, oil revenues increased in FY14, topping 20 million for the first time. Once again, a major factor in the increase was the addition of new wells (infill wells) in established spacing units due to increased well density. This has helped offset normal production decline rates in older wells. In all, since early 2012, there have been 95 new producing oil wells associated with State trust lands. For FY14, 1,505,356 barrels of oil were produced; a

decrease of 7.6% from last fiscal year. The average price for a barrel of oil produced from State land leases was \$90.49 as compared to \$85.89 in FY13, an increase of 5.4%. Oil royalty revenue increased by 7.8% from FY13 to \$20,014,889. Oil royalties alone accounted for 51.2 % of all revenue sources received in FY14.



**GAS:** In FY14, the average price for gas produced on State lands again increased over last fiscal year from \$2.92 to \$3.81 per thousand cubic feet (mcf), representing a 30.5% increase from FY13. It was the highest price for gas since FY09. Production rose for the first time in 6 years to 3,561,414 mcf, an increase of 1.0% from FY13. For FY14,



\$1,654,445 in gas royalty revenue was collected, up 32.6% from FY13. Rebounding prices for natural gas and new infill wells producing both oil and gas in the Bakken formation are the primary contributing factors for the increase in production and revenue. Gas revenues accounted for 4.2% of all revenue received for FY14, and ranked third by royalty revenue source, after oil and coal.

*Note: Condensate revenue is tracked separately and is not included in the chart*



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### Royalty Income and Production by County (Oil, Gas, Condensate)

County	Oil (BBL)		Gas (MCF)		Condensate (GAL)		Total Royalties
	Royalties*	Production	Royalties*	Production	Royalties*	Production	
Big Horn			\$15,120.40	6,828.00			\$15,120.40
Blaine	\$266,742.54	28,165.50	\$69,258.70	398,733.57			\$336,001.24
Carbon	\$11,597.41	685.69					\$11,597.41
Chouteau			\$16,806.00	92,730.42			\$16,806.00
Daniels	\$9,989.63	0.00					\$9,989.63
Dawson	\$1,479,117.65	76,713.94					\$1,479,117.65
Fallon	\$2,553,995.48	206,995.88	\$244,166.32	505,822.20	\$535.71	0.00	\$2,798,697.51
Garfield	\$34,314.27	3,042.50					\$34,314.27
Glacier	\$45,948.45	4,620.45	\$34,195.09	79,623.26	\$6,635.70	34,039.30	\$86,779.24
Golden Valley			\$13,443.49	30,505.80			\$13,443.49
Hill			\$108,383.35	446,549.90			\$108,383.35
Liberty	\$310,462.61	34,025.22	\$32,457.63	108,075.82			\$342,920.24
Musselshell	\$19,105.13	1,864.99					\$19,105.13
Petroleum	\$9,972.11	826.77					\$9,972.11
Phillips			\$275,607.98	612,904.48			\$275,607.98
Pondera	\$228,831.61	19,662.12	\$5,353.42	18,193.67			\$234,185.03
Powder River	\$73,715.26	7,280.48	\$720.00	0.00			\$74,435.26
Richland	\$8,527,825.38	653,359.10	\$527,844.82	683,446.95	\$123,005.04	837,598.98	\$9,178,675.24
Roosevelt	\$4,673,675.81	313,268.55	\$154,026.13	156,013.47	\$35,663.56	165,139.05	\$4,863,365.50
Rosebud	\$235,674.80	21,080.78					\$235,674.80
Sheridan	\$883,769.79	75,273.28	\$11,245.30	9,982.66			\$895,015.09
Stillwater			\$2,025.57	4,518.00			\$2,025.57
Sweet Grass			\$680.07	1,949.50			\$680.07
Teton	\$13,861.16	993.81					\$13,861.16
Toole	\$410,935.07	37,747.30	\$111,983.27	324,030.80	\$56.54	287.58	\$522,974.88
Valley			\$22,309.85	64,429.61			\$22,309.85
Wibaux	\$225,354.84	19,749.87	\$8,817.58	17,076.15			\$234,172.42
<b>Grand Total</b>	<b>\$20,014,889.00</b>	<b>1,505,356.23</b>	<b>\$1,654,444.97</b>	<b>3,561,414.26</b>	<b>\$165,896.55</b>	<b>1,037,064.91</b>	<b>\$21,835,230.52</b>

#### Top Revenue Producing Counties – Oil:(\$\$)

#1 Richland	\$8.53 Million
#2 Roosevelt	\$4.67 Million
#3 Fallon	\$2.55 Million

#### Top Revenue Producing Counties – Gas:(\$\$)

#1 Richland	\$528 Thousand
#2 Phillips	\$276 Thousand
#3 Fallon	\$244 Thousand





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### Royalty Income by Area and Unit Office (Oil, Gas, Condensate)

Pay Type	CLO	ELO	NELO		SLO	Pay Type Totals
	Conrad	Miles City	Glasgow	Lewistown	Billings	
Oil Royalty	\$1,009,002.27	\$13,048,324.96	\$5,651,008.49	\$275,754.65	\$28,802.00	\$20,012,892.37
Oil Interest	\$1,036.63					\$1,036.63
Oil Royalty Audit						\$0.00
Gas Royalty	\$182,629.41	\$783,364.35	\$459,253.36	\$204,208.23	\$14,306.04	\$1,643,761.39
Gas Interest		\$611.79	\$115.00	\$1,522.18		\$2,248.97
Gas Royalty Audit		\$921.31	\$472.17	\$421.13		\$1,814.61
Shut in Gas	\$1,360.00			\$1,740.00	\$3,520.00	\$6,620.00
Shut in Oil				\$960.00		\$960.00
Condensate Royalty	\$6,692.24	\$123,540.75	\$35,663.56			\$165,896.55
<b>AO Totals</b>	<b>\$1,200,720.55</b>	<b>\$13,956,763.16</b>	<b>\$6,146,512.58</b>	<b>\$484,606.19</b>	<b>\$46,628.04</b>	<b>\$21,835,230.52</b>

### Royalty and Rental Income by Grant (Oil, Gas, Condensate)

Grant	Bonus Income	Surface Damages	Penalty Income	Rental Income	Seismic Permits	Oil Royalty	Gas Royalty	Condensate Royalty	Total Revenue by Grant
Common Schools	\$3,076,763.83	\$9,177.16	\$1,254,421.22	\$2,816,125.86	\$5,688.00	\$17,611,249.23	\$1,587,749.35	\$141,316.46	\$26,502,491.11
Public Buildings	\$1,960.00		\$19,070.70	\$33,403.35		\$6,710.92	\$5,019.50		\$66,164.47
School for Deaf & Blind			\$2,900.00	\$5,940.00					\$8,840.00
Pine Hills School			\$16,026.45	\$28,981.00					\$45,007.45
State Normal School			\$300.00	\$17,011.80			\$1,296.92		\$18,608.72
University of MT	\$800.00		\$12,000.00	\$11,286.38					\$24,086.38
MSU Morrill	\$2,160.00		\$3,615.27	\$18,410.57			\$8,551.91		\$32,737.75
MSU 2nd Grant			\$412.12	\$1,675.13					\$2,087.25
School of Mines	\$880.00		\$17,987.65	\$41,300.77					\$60,168.42
Veterans Home				\$1,913.41					\$1,913.41
Public Land Trust	\$626,639.71		\$18,979.17	\$48,687.59		\$2,395,261.99	\$43,167.89	\$24,576.61	\$3,157,312.96
<b>Total Trust</b>	<b>\$3,709,203.54</b>	<b>\$9,177.16</b>	<b>\$1,345,712.58</b>	<b>\$3,024,735.86</b>	<b>\$5,688.00</b>	<b>\$20,013,222.14</b>	<b>\$1,645,785.57</b>	<b>\$165,893.07</b>	<b>\$29,919,417.92</b>
Agricultural Experiment Station			\$2,339.54	\$4,847.45			\$5,802.82		\$12,989.81
Dept of Transportation		\$772.80	\$362.64	\$3,911.26		\$1,420.77	\$1,000.68		\$7,468.15
Galen State Hospital				-\$100.00		\$141.57			\$41.57
Dept of Fish, Wildlife & Parks				\$100.00		\$104.52	\$1.60	\$3.48	\$209.60
Water Resources Division			\$1,709.53	\$2,094.72			\$1,854.30		\$5,658.55
<b>Total Non-Trust</b>	<b>\$0.00</b>	<b>\$772.80</b>	<b>\$4,411.71</b>	<b>\$10,853.43</b>	<b>\$0.00</b>	<b>\$1,666.86</b>	<b>\$8,659.40</b>	<b>\$3.48</b>	<b>\$26,367.68</b>
<b>Grand Total</b>	<b>\$3,709,203.54</b>	<b>\$9,949.96</b>	<b>\$1,350,124.29</b>	<b>\$3,035,589.29</b>	<b>\$5,688.00</b>	<b>\$20,014,889.00</b>	<b>\$1,654,444.97</b>	<b>\$165,896.55</b>	<b>\$29,945,785.60</b>



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### AGGREGATE

#### Royalty and Production by County (Sand, Gravel, Rock)

County	CubicYards (Sand & Gravel)		Tons (Rock)		Total Royalty
	* Royalty \$	Production	* Royalty \$	Production	
Beaverhead	\$5,393.25	6,957.00			\$5,393.25
Big Horn	\$113.00	113.00			\$113.00
Blaine	\$9,619.50	4,080.00			\$9,619.50
Cascade	\$114,924.60	20,730.42			\$114,924.60
Chouteau	\$187.50	250.00			\$187.50
Custer	\$500.00	400.00			\$500.00
Flathead	\$25.00	1.00			\$25.00
Gallatin	\$3,114.29	3,114.29	\$100.00	0.00	\$3,214.29
Lake	\$0.00	290.00			\$0.00
Lewis and Clark	\$4,819.00	5,113.00			\$4,819.00
Lincoln			\$1,500.00	50.00	\$1,500.00
Madison	\$28,918.80	37,657.00			\$28,918.80
Missoula	\$8,742.00	5,116.00			\$8,742.00
Musselshell	\$371.20	464.00			\$371.20
Pondera	\$1,475.00	1,725.00			\$1,475.00
Richland	\$632,036.49	134,373.39			\$632,036.49
Roosevelt	\$15,000.00	0.00			\$15,000.00
Rosebud	\$46,595.00	32,582.00			\$46,595.00
Sanders	\$378.00	216.00	\$51,792.87	1,957.43	\$52,170.87
Silver Bow	\$2,330.00	3,728.00			\$2,330.00
Teton	\$10,413.94	10,215.29			\$10,413.94
Toole	\$1,936.00	1,152.00			\$1,936.00
Wheatland			\$7,008.79	515.96	\$7,008.79
Yellowstone		9,744.00			\$0.00
<b>Grand Total</b>	<b>\$886,892.57</b>	<b>278,021.39</b>	<b>\$60,401.66</b>	<b>2,523.39</b>	<b>\$947,294.23</b>

\* Totals may include advance royalty payments

#### Royalty and Rental by Area Office

Unit Office/Area Office	Royalty Income	Rental Income
Bozeman	\$32,133.09	
Conrad	\$13,824.94	
Dillon	\$5,393.25	
Helena	\$114,924.60	
<b>CLO Area Office Totals</b>	<b>\$166,275.88</b>	<b>\$0.00</b>
Miles City	\$679,131.49	
<b>ELO Area Office Totals</b>	<b>\$679,131.49</b>	<b>\$0.00</b>
Glasgow	\$15,000.00	
Lewistown	\$16,815.79	
<b>NELO Area Office Totals</b>	<b>\$31,815.79</b>	<b>\$0.00</b>
Libby	\$1,500.00	
Plains	\$52,170.87	\$200.00
Stillwater	\$25.00	
<b>NWLO Area Office Totals</b>	<b>\$53,695.87</b>	<b>\$200.00</b>
Billings	\$484.20	
<b>SLO Area Office Totals</b>	<b>\$484.20</b>	<b>\$0.00</b>
Anaconda	\$2,330.00	
Clearwater	\$13,561.00	
<b>SWLO Area Office Totals</b>	<b>\$15,891.00</b>	<b>\$0.00</b>
<b>Grand Total</b>	<b>\$947,294.23</b>	<b>\$200.00</b>

#### Royalty and Rental by Grant

Grant	Royalty Income	Rental Income
Common Schools	\$915,547.50	\$200.00
MSU 2nd Grant	\$8,742.00	
MSU Morrill	\$187.50	
Public Buildings	\$16,218.94	
Pine Hills School	\$3,158.00	
School for Deaf & Blind	\$226.00	
School of Mines	\$3,114.29	
University of Montana	\$100.00	
<b>Grand Total</b>	<b>\$947,294.23</b>	<b>\$200.00</b>



## Fiscal Year 2014 Annual Report

### COAL LEASES

**Production:** Coal production on State trust lands decreased 7.9% in FY14 to 4,465,582 tons mined compared to 4,849,607 tons mined in FY13. All coal reported was produced from six State leases in Big Horn and Rosebud counties. The volume of coal mined can change significantly from year to year, as mining activity moves onto or off of state land within the normal sequence of operations. Coal production figures represent the twelve production months during the fiscal year regardless of the date it was received.

**Revenues:** In FY14, coal revenues totaled \$8,130,763. Royalty revenue increased 19.5% over FY13. Coal prices received for State land production decreased for the second year in a row to \$13.30/ton which was a drop of .8% over the FY13 average price of \$13.41/

#### Royalty and Production by County - Coal

County	Royalties (\$)	Production (ton)
Big Horn	\$7,876,336.97	4,358,788
Rosebud	\$254,425.33	106,794
<b>Total</b>	<b>\$8,130,763.30</b>	<b>4,465,582</b>

#### Royalty and Rental by Area Office - Coal

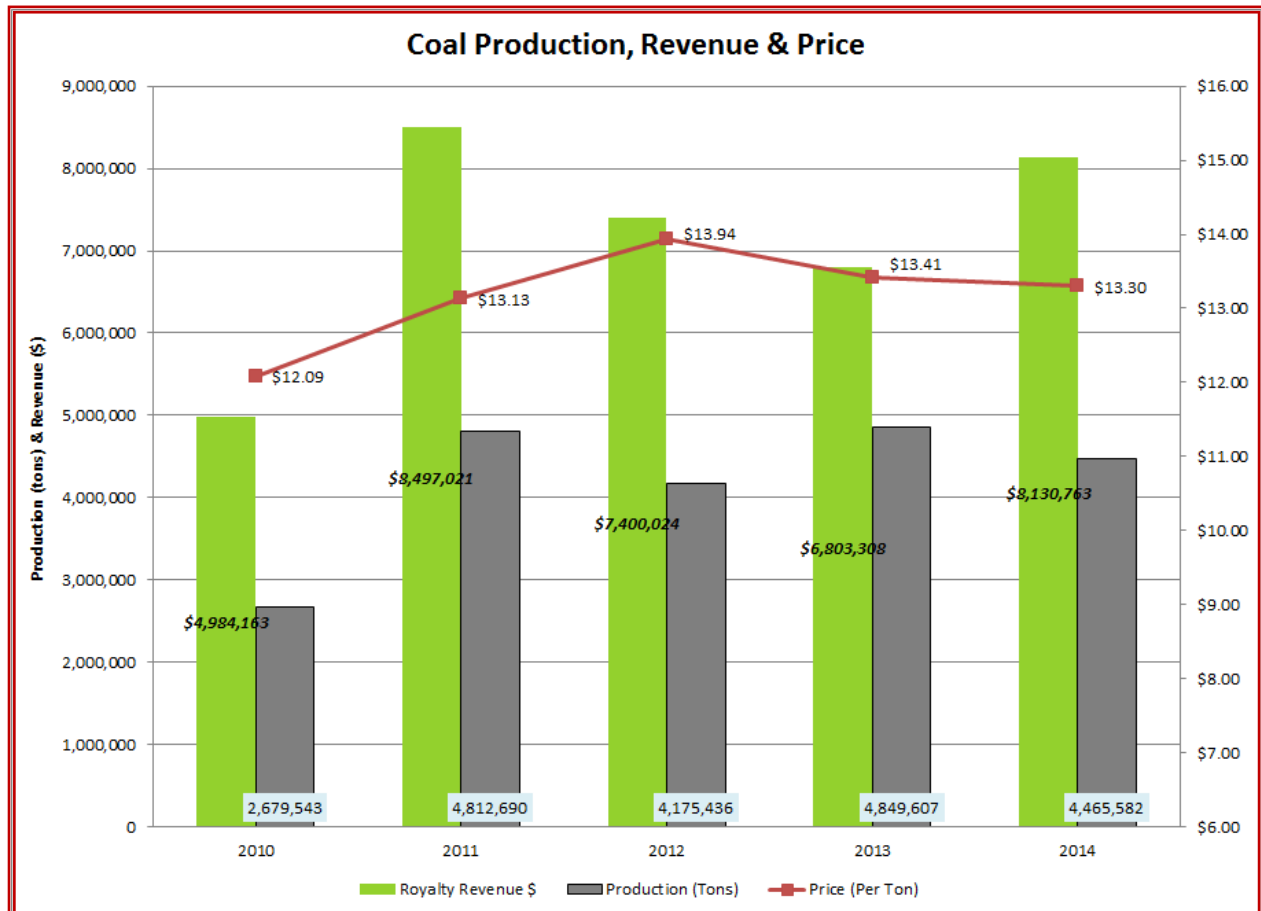
Area Office	Royalty Income	Rental Income	Total
ELO	\$254,426.33	\$36,929.16	\$291,355.49
SLO	\$7,876,336.97	\$12,586.23	\$7,888,923.20
<b>Total</b>	<b>\$8,130,763.30</b>	<b>\$49,515.39</b>	<b>\$8,180,278.69</b>

#### Royalty and Rental Income by Grant - Coal

Grant	Royalty Income	Rental Income	Total
Common Schools	\$8,130,763.30	\$49,515.39	\$8,180,278.69
<b>Total</b>	<b>\$8,130,763.30</b>	<b>\$49,515.39</b>	<b>\$8,180,278.69</b>

ton. Revenues reported are those received and processed only during the fiscal year. All coal revenues received in

FY14 on State trust land leases benefit the common schools grant.





## Fiscal Year 2014 Annual Report

### LAND USE LICENCES

#### ***Land Use Licenses:***

- Can apply to any type of mineral and are issued for mineral activities that are not included in other types of leases or permits.
- The length of license is determined by each individual situation.
- Examples of licensed activities include salt water disposal, access roads and pipelines.
- to non-State wells, non-mechanized prospecting for minerals, groundwater monitoring wells, gravity surveys, and infrastructure for coal bed methane fields.
- Under a Land Use License for non-mechanized prospecting, the user may explore but cannot remove or sell minerals.

#### ***Royalty and Rental Income by County - LUL***

County	Royalty Income	Rental Income	Total
Big Horn		\$9,060.00	\$9,060.00
Judith Basin		\$4,000.00	\$4,000.00
Musselshell		\$150.00	\$150.00
Phillips		\$200.00	\$200.00
Richland		\$500.00	\$500.00
Roosevelt	\$1,000.00	\$750.00	\$1,750.00
Rosebud		\$150.00	\$150.00
<b>Grand Total</b>	<b>\$1,000.00</b>	<b>\$14,810.00</b>	<b>\$15,810.00</b>

*Note: There is no production associated with Salt Water Disposal*

#### ***Royalty and Rental Income by Area Office - LUL***

Area Office - Unit Office	Royalty Income	Rental Income	Total
ELO Miles City		\$650.00	\$650.00
NELO Glasgow	\$1,000.00	\$950.00	\$1,950.00
NELO Lewistown		\$4,000.00	\$4,000.00
SLO Billings		\$9,210.00	\$9,210.00
<b>Grand Total</b>	<b>\$1,000.00</b>	<b>\$14,810.00</b>	<b>\$15,810.00</b>

*Note: Rental income may include surface damages not covered under an oil and gas lease.*

#### ***Royalty and Rental Income by Grant - LUL***

Grant	Royalty Income	Rental Income	Total
Common Schools	\$1,000.00	\$14,810.00	\$15,810.00
<b>Total Trust Income</b>	<b>\$1,000.00</b>	<b>\$14,810.00</b>	<b>\$15,810.00</b>



## Fiscal Year 2014 Annual Report

### METALLIFEROUS MINERAL LEASES

**Metalliferous Leases** cover a variety of commercially marketed metallic minerals such as gold, silver, copper, and gemstones including rubies, garnets and sapphires.

#### *Royalty and Rental Income by County - Metalliferous Minerals*

County	Royalty Income	*Rental Income	Total
Fergus (Gold)	\$28.79	\$277.08	\$305.87
Broadwater (Gold)	\$500.00	\$645.00	\$1,145.00
Madison (Garnets)	\$500.00	\$1,920.00	\$2,420.00
<b>Grand Total</b>	<b>\$1,028.79</b>	<b>\$2,842.08</b>	<b>\$3,870.87</b>

#### *Royalty and Rental Income by Area Office - Metalliferous Minerals*

Area Office - Unit Office	Royalty Income	*Rental Income	Total
CLO Dillon	\$500.00	\$1,920.00	\$2,420.00
CLO Helena	\$500.00	\$645.00	\$1,145.00
NELO Lewistown	\$28.79	\$277.08	\$305.87
<b>Grand Total</b>	<b>\$1,028.79</b>	<b>\$2,842.08</b>	<b>\$3,870.87</b>

#### *Royalty and Rental Income by Grant - Metalliferous Minerals*

Grant	Royalty Income	*Rental Income	Total
Common Schools	\$1,028.79	\$2,842.08	\$3,870.87
<b>Total Trust Income</b>	<b>\$1,028.79</b>	<b>\$2,842.08</b>	<b>\$3,870.87</b>

\* Rental figures include in lieu of exploration payments





## Fiscal Year 2014 Annual Report

### NON-METALLIFEROUS MINERAL LEASES

**Non-Metalliferous Leases:** Cover a variety of commercially marketed non-metallic minerals such as limestone, bentonite, barite, and peat moss. In FY14 there was one producing lease for bentonite in Carter County, and one for peat moss in Beaverhead County.

#### *Royalty and Rental Income by County - Non-Metalliferous Minerals*

County	Royalty Income	*Rental Income	Total
Beaverhead	\$160.00	\$360.00	\$520.00
Carter	\$12,384.68	\$5,126.00	\$17,510.68
Jefferson		\$5,070.00	\$5,070.00
<b>Grand Total</b>	<b>\$12,544.68</b>	<b>\$10,556.00</b>	<b>\$23,100.68</b>

#### *Royalty and Rental Income by Area Office - Non-Metalliferous Minerals*

Area Office - Unit Office	Royalty Income	*Rental Income	Total
CLO Dillon	\$160.00	\$360.00	\$520.00
Helena		\$5,070.00	\$5,070.00
<b>Area Office Total</b>	<b>\$160.00</b>	<b>\$5,430.00</b>	<b>\$5,590.00</b>
ELO Miles City	\$12,384.68	\$5,126.00	\$17,510.68
<b>Grand Total</b>	<b>\$12,544.68</b>	<b>\$10,556.00</b>	<b>\$23,100.68</b>

#### *Royalty and Rental Income by Grant - Non-Metalliferous Minerals*

Grant	Royalty Income	*Rental Income	Total
Public Buildings	\$160.00	\$360.00	\$520.00
Common Schools	\$12,384.68	\$10,196.00	\$22,580.68
<b>Total Trust Income</b>	<b>\$12,544.68</b>	<b>\$10,556.00</b>	<b>\$23,100.68</b>

\* Rental figures include in lieu of exploration payments